

1-1 By: King of Uvalde, et al. H.B. No. 1325
 1-2 (Senate Sponsor - Perry, et al.)
 1-3 (In the Senate - Received from the House April 24, 2019;
 1-4 May 1, 2019, read first time and referred to Committee on
 1-5 Agriculture; May 13, 2019, reported adversely, with favorable
 1-6 Committee Substitute by the following vote: Yeas 4, Nays 0;
 1-7 May 13, 2019, sent to printer.)

1-8 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-9				
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14			X	

1-15 COMMITTEE SUBSTITUTE FOR H.B. No. 1325 By: Perry

1-16 A BILL TO BE ENTITLED
 1-17 AN ACT

1-18 relating to the production and regulation of hemp; requiring
 1-19 occupational licenses; authorizing fees; creating criminal
 1-20 offenses; providing civil and administrative penalties.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Section 12.020(c), Agriculture Code, is amended
 1-23 to read as follows:

1-24 (c) The provisions of law subject to this section and the
 1-25 applicable penalty amounts are as follows:

Provision	Amount of Penalty
1-27	
1-28	
1-29 Chapters 13, 14A, 17, 18, 19, 41,	
1-30 46, 61, 72, 73, 74, 76, 94, 95, 101,	
1-31 102, 103, <u>122</u> , 125, 132,	
1-32 and 134	not more than \$5,000
1-33	
1-34	
1-35	
1-36 Subchapters A, B, and C, Chapter 71	not more than \$5,000
1-37 Chapter 14	not more than \$10,000
1-38 Chapter 1951, Occupations Code	not more than \$5,000
1-39 Chapter 153, Natural Resources	
1-40 Code	not more than \$5,000
1-41 Section 91.009	not more than \$5,000.

1-42 SECTION 2. Title 5, Agriculture Code, is amended by adding
 1-43 Subtitle F to read as follows:

1-44 SUBTITLE F. HEMP

1-45 CHAPTER 121. STATE HEMP PRODUCTION PLAN

1-46 Sec. 121.001. DEFINITION. In this chapter, "hemp" means
 1-47 the plant Cannabis sativa L. and any part of that plant, including
 1-48 the seeds of the plant and all derivatives, extracts, cannabinoids,
 1-49 isomers, acids, salts, and salts of isomers, whether growing or
 1-50 not, with a delta-9 tetrahydrocannabinol concentration of not more
 1-51 than 0.3 percent on a dry weight basis.

1-52 Sec. 121.002. LEGISLATIVE INTENT. It is the intent of the
 1-53 legislature that this state have primary regulatory authority over
 1-54 the production of hemp in this state.

1-55 Sec. 121.003. STATE PLAN. (a) The department, after
 1-56 consulting with the governor and attorney general, shall develop a
 1-57 state plan to monitor and regulate the production of hemp in this
 1-58 state. The plan must comply with:

- 1-59 (1) 7 U.S.C. Section 1639p;
- 1-60 (2) Chapter 122; and

2-1 (3) Chapter 443, Health and Safety Code.
2-2 (b) The department shall submit the plan developed under
2-3 Subsection (a) to the secretary of the United States Department of
2-4 Agriculture as this state's plan for monitoring and regulating the
2-5 production of hemp as provided by 7 U.S.C. Section 1639p.

2-6 (c) If a plan submitted under Subsection (b) is disapproved
2-7 by the secretary of the United States Department of Agriculture,
2-8 the department, after consulting with the governor and attorney
2-9 general, shall amend the plan as needed to obtain approval and
2-10 submit an amended plan.

2-11 (d) The department shall, as necessary, seek technical
2-12 assistance from the secretary of the United States Department of
2-13 Agriculture and other state agencies in developing the plan under
2-14 this section.

2-15 Sec. 121.004. RULES. The department may adopt any rules
2-16 necessary to implement and administer the state plan under Section
2-17 121.003.

CHAPTER 122. CULTIVATION OF HEMP
SUBCHAPTER A. GENERAL PROVISIONS

2-18
2-19
2-20 Sec. 122.001. DEFINITIONS. In this chapter:

2-21 (1) "Cultivate" means to plant, irrigate, cultivate,
2-22 or harvest a hemp plant.

2-23 (2) "Governing person" has the meaning assigned by
2-24 Section 1.002, Business Organizations Code.

2-25 (3) "Handle" means to possess or store a hemp plant:

2-26 (A) on premises owned, operated, or controlled by
2-27 a license holder for any period of time; or

2-28 (B) in a vehicle for any period of time other than
2-29 during the actual transport of the plant from a premises owned,
2-30 operated, or controlled by a license holder to:

2-31 (i) a premises owned, operated, or
2-32 controlled by another license holder; or

2-33 (ii) a person licensed under Chapter 443,
2-34 Health and Safety Code.

2-35 (4) "Hemp" has the meaning assigned by Section
2-36 121.001.

2-37 (5) "Institution of higher education" has the meaning
2-38 assigned by Section 61.003, Education Code.

2-39 (6) "License" means a hemp grower's license issued
2-40 under Subchapter C.

2-41 (7) "License holder" means an individual or business
2-42 entity holding a license.

2-43 (8) "Nonconsumable hemp product" means a product that
2-44 contains hemp, other than a consumable hemp product as defined by
2-45 Section 443.001, Health and Safety Code. The term includes cloth,
2-46 cordage, fiber, fuel, paint, paper, particleboard, and plastics
2-47 derived from hemp.

2-48 (9) "Plot" means a contiguous area in a field,
2-49 greenhouse, or indoor growing structure containing the same variety
2-50 or cultivar of hemp throughout the area.

2-51 Sec. 122.002. LOCAL REGULATION PROHIBITED. A municipality,
2-52 county, or other political subdivision of this state may not enact,
2-53 adopt, or enforce a rule, ordinance, order, resolution, or other
2-54 regulation that prohibits the cultivation, handling,
2-55 transportation, or sale of hemp as authorized by this chapter.

2-56 Sec. 122.003. STATE HEMP PRODUCTION ACCOUNT. (a) The state
2-57 hemp production account is an account in the general revenue fund
2-58 administered by the department.

2-59 (b) The account consists of:

2-60 (1) appropriations of money to the account by the
2-61 legislature;

2-62 (2) public or private gifts, grants, or donations,
2-63 including federal funds, received for the account;

2-64 (3) fees received under Section 122.052;

2-65 (4) interest and income earned on the investment of
2-66 money in the account;

2-67 (5) penalties collected under this chapter other than
2-68 a civil penalty collected under Subchapter H; and

2-69 (6) funds from any other source deposited in the

3-1 account.
 3-2 (c) The department may accept appropriations and gifts,
 3-3 grants, or donations from any source to administer and enforce this
 3-4 subtitle. Money received under this subsection shall be deposited
 3-5 in the account.
 3-6 (d) Money in the account may be appropriated only to the
 3-7 department for the administration and enforcement of this subtitle.
 3-8 Sec. 122.004. SEVERABILITY. (a) A provision of this
 3-9 chapter or its application to any person or circumstance is invalid
 3-10 if the secretary of the United States Department of Agriculture
 3-11 determines that the provision or application conflicts with 7
 3-12 U.S.C. Chapter 38, Subchapter VII, and prevents the approval of the
 3-13 state plan submitted under Chapter 121.
 3-14 (b) The invalidity of a provision or application under
 3-15 Subsection (a) does not affect the other provisions or applications
 3-16 of this chapter that can be given effect without the invalid
 3-17 provision or application, and to this end the provisions of this
 3-18 chapter are declared to be severable.
 3-19 SUBCHAPTER B. POWERS AND DUTIES OF DEPARTMENT
 3-20 Sec. 122.051. DEPARTMENT RULES AND PROCEDURES. (a) The
 3-21 department shall adopt rules and procedures necessary to implement,
 3-22 administer, and enforce this chapter.
 3-23 (b) Rules adopted under Subsection (a) must:
 3-24 (1) prescribe sampling, inspection, and testing
 3-25 procedures, including standards and procedures for the calibration
 3-26 of laboratory equipment, to ensure that the delta-9
 3-27 tetrahydrocannabinol concentration of hemp plants cultivated in
 3-28 this state is not more than 0.3 percent on a dry weight basis; and
 3-29 (2) provide due process consistent with Chapter 2001,
 3-30 Government Code, including an appeals process, to protect license
 3-31 holders from the consequences of imperfect test results.
 3-32 Sec. 122.052. FEES. (a) The department shall set and
 3-33 collect:
 3-34 (1) an application fee for an initial license in an
 3-35 amount not to exceed \$100;
 3-36 (2) a license renewal fee in an amount not to exceed
 3-37 \$100;
 3-38 (3) a participation fee for each location described by
 3-39 Section 122.103(a)(1) and each location added after the application
 3-40 is submitted in an amount not to exceed \$100;
 3-41 (4) a site modification fee for each change to a
 3-42 location described by Section 122.103(a)(1) in an amount not to
 3-43 exceed \$500; and
 3-44 (5) a collection and testing fee for each preharvest
 3-45 test or postharvest test if performed by the department in an amount
 3-46 not to exceed \$300.
 3-47 (b) A fee set by the department under this section may not
 3-48 exceed the amount necessary to administer this chapter. The
 3-49 comptroller may authorize the department to collect a fee described
 3-50 by Subsection (a) in an amount greater than the maximum amount
 3-51 provided by that subsection if necessary to cover the department's
 3-52 costs of administering this chapter.
 3-53 (c) The department may not set or collect a fee associated
 3-54 with the cultivation of hemp that is not listed in Subsection (a),
 3-55 other than:
 3-56 (1) a fee for the organic certification of hemp under
 3-57 Chapter 18 or for participation in another optional marketing
 3-58 program; or
 3-59 (2) a fee for the certification of seed or plants under
 3-60 Chapter 62.
 3-61 (d) Fees collected by the department under this chapter are
 3-62 not refundable and may be appropriated only to the department for
 3-63 the purpose of administering this chapter.
 3-64 Sec. 122.053. INSPECTIONS. (a) The department may
 3-65 randomly inspect land where hemp is grown to determine whether hemp
 3-66 is being cultivated in compliance with this chapter.
 3-67 (b) The department may enter onto land described by Section
 3-68 122.103(a)(1), conduct inspections, and collect and test plant
 3-69 samples.

4-1 (c) Using participation fees set and collected under
 4-2 Section 122.052(a)(3), the department shall pay the cost of
 4-3 inspections under this section.

4-4 (d) The Department of Public Safety may inspect, collect
 4-5 samples from, or test plants from any portion of a plot to ensure
 4-6 compliance with this chapter. A license holder shall allow the
 4-7 Department of Public Safety access to the plot and the property on
 4-8 which the plot is located for purposes of this subsection.

4-9 (e) If, after conducting an inspection or performing
 4-10 testing under this section, the department or the Department of
 4-11 Public Safety determines any portion of a plot is not compliant with
 4-12 this chapter, the department or the Department of Public Safety may
 4-13 report the license holder to the other department or to the attorney
 4-14 general.

4-15 Sec. 122.054. SAMPLE COLLECTION AND TESTING. The
 4-16 department may collect samples and perform testing or contract with
 4-17 a laboratory for the performance of that collection and testing on
 4-18 behalf of the department. A test performed by a laboratory on behalf
 4-19 of the department is considered to be performed by the department
 4-20 for purposes of this chapter.

4-21 Sec. 122.055. SHIPPING CERTIFICATE OR CARGO MANIFEST. (a)
 4-22 The department shall develop a shipping certificate or cargo
 4-23 manifest which the department shall issue to a license holder in
 4-24 connection with the transportation of a shipment of hemp plant
 4-25 material originating in this state, other than sterilized seeds
 4-26 that are incapable of beginning germination.

4-27 (b) A certificate or manifest developed under Subsection
 4-28 (a) must include a unique identifying number for the shipment and
 4-29 the department's contact information to allow law enforcement
 4-30 during a roadside inspection of a motor vehicle transporting the
 4-31 shipment to verify that the shipment consists of hemp cultivated in
 4-32 compliance with this chapter.

4-33 (c) A person commits an offense if the person, with intent
 4-34 to deceive law enforcement, forges, falsifies, or alters a shipping
 4-35 certificate or cargo manifest issued under this section. An
 4-36 offense under this subsection is a third degree felony.

4-37 SUBCHAPTER C. HEMP GROWER'S LICENSE

4-38 Sec. 122.101. LICENSE REQUIRED; EXCEPTIONS. (a) Except as
 4-39 provided by Subsection (b), a person or the person's agent may not
 4-40 cultivate or handle hemp in this state or transport hemp outside of
 4-41 this state unless the person holds a license under this subchapter.

4-42 (b) A person is not required to hold a license under this
 4-43 subchapter to manufacture a consumable hemp product in accordance
 4-44 with Subtitle A, Title 6, Health and Safety Code.

4-45 Sec. 122.102. LICENSE INELIGIBILITY. (a) An individual
 4-46 who is or has been convicted of a felony relating to a controlled
 4-47 substance under federal law or the law of any state may not, before
 4-48 the 10th anniversary of the date of the conviction:

4-49 (1) hold a license under this subchapter; or

4-50 (2) be a governing person of a business entity that
 4-51 holds a license under this subchapter.

4-52 (b) The department may not issue a license under this
 4-53 subchapter to a person who materially falsifies any information
 4-54 contained in an application submitted to the department under
 4-55 Section 122.103.

4-56 Sec. 122.103. APPLICATION; ISSUANCE. (a) A person may
 4-57 apply for a license under this subchapter by submitting an
 4-58 application to the department on a form and in the manner prescribed
 4-59 by the department. The application must be accompanied by:

4-60 (1) a legal description of each location where the
 4-61 applicant intends to cultivate or handle hemp and the global
 4-62 positioning system coordinates for the perimeter of each location;

4-63 (2) written consent from the applicant or the property
 4-64 owner if the applicant is not the property owner allowing the
 4-65 department, the Department of Public Safety, and any other state or
 4-66 local law enforcement agency to enter onto all premises where hemp
 4-67 is cultivated or handled to conduct a physical inspection or to
 4-68 ensure compliance with this chapter and rules adopted under this
 4-69 chapter;

5-1 (3) the application fee; and

5-2 (4) any other information required by department rule.

5-3 (b) Except as provided by Subsection (c), the department
5-4 shall issue a license to a qualified applicant not later than the
5-5 60th day after the date the department receives the completed
5-6 application and the required application fees.

5-7 (c) A qualified applicant who along with the application
5-8 submits proof to the department that the applicant holds a license
5-9 under Chapter 487, Health and Safety Code, is not required to pay an
5-10 application fee, and the department shall issue the license to the
5-11 applicant within the time prescribed by Subsection (b).

5-12 Sec. 122.104. TERM; RENEWAL. (a) A license is valid for
5-13 one year and may be renewed as provided by this section.

5-14 (b) The department shall renew a license if the license
5-15 holder:

5-16 (1) is not ineligible to hold the license under
5-17 Section 122.102;

5-18 (2) submits to the department the license renewal fee;
5-19 and

5-20 (3) does not owe any outstanding fee described by
5-21 Section 122.052.

5-22 Sec. 122.105. REVOCATION. The department shall revoke a
5-23 license if the license holder is convicted of a felony relating to a
5-24 controlled substance under federal law or the law of any state.

5-25 SUBCHAPTER D. TESTING

5-26 Sec. 122.151. TESTING LABORATORIES. (a) Subject to
5-27 Subsection (b), testing under this subchapter or Section 122.053
5-28 must be performed by:

5-29 (1) the department;

5-30 (2) an institution of higher education; or

5-31 (3) an independent testing laboratory registered
5-32 under Section 122.152.

5-33 (b) To perform testing under this chapter, a laboratory
5-34 described by Subsection (a) must be accredited by an independent
5-35 accreditation body in accordance with International Organization
5-36 for Standardization ISO/IEC 17025 or a comparable or successor
5-37 standard.

5-38 (c) A license holder shall select a laboratory described by
5-39 Subsection (a) to perform preharvest or postharvest testing of a
5-40 sample taken from the license holder's plot. A license holder may
5-41 not select an independent testing laboratory under Subsection
5-42 (a)(3) unless the license holder has:

5-43 (1) no ownership interest in the laboratory; or

5-44 (2) less than a 10 percent ownership interest in the
5-45 laboratory if the laboratory is a publicly traded company.

5-46 (d) A license holder must pay the costs of preharvest or
5-47 postharvest sample collection and testing in the amount prescribed
5-48 by the laboratory selected by the license holder.

5-49 (e) The department shall recognize and accept the results of
5-50 a test performed by an institution of higher education or an
5-51 independent testing laboratory described by Subsection (a). The
5-52 department shall require that a copy of the test results be sent by
5-53 the institution of higher education or independent testing
5-54 laboratory directly to the department and the license holder.

5-55 (f) The department shall notify the license holder of the
5-56 results of the test not later than the 14th day after the date the
5-57 sample was collected under Section 122.154 or the date the
5-58 department receives test results under Subsection (e).

5-59 Sec. 122.152. REGISTRATION OF INDEPENDENT TESTING
5-60 LABORATORIES. (a) The department shall register independent
5-61 testing laboratories authorized to conduct testing under Section
5-62 122.151(a)(3).

5-63 (b) A laboratory is eligible for registration if the
5-64 laboratory submits to the department proof of accreditation by an
5-65 independent accreditation body in accordance with International
5-66 Organization for Standardization ISO/IEC 17025 or a comparable or
5-67 successor standard and any required fee.

5-68 (c) The department shall annually prepare a registry of all
5-69 independent testing laboratories registered by the department and

6-1 make the registry available to license holders.

6-2 (d) The department may charge a registration fee to recover
6-3 the costs of administering this section.

6-4 Sec. 122.153. PREHARVEST TESTING REQUIRED. (a) A license
6-5 holder may not harvest a hemp plant or plant intended or believed to
6-6 be hemp unless a representative sample of plants from the plot where
6-7 the plant is grown is collected before harvest and subsequently
6-8 tested using post-decarboxylation, high-performance liquid
6-9 chromatography, or another similarly reliable method to determine
6-10 the delta-9 tetrahydrocannabinol concentration of the sample in the
6-11 manner required by this subchapter.

6-12 (b) For purposes of Subsection (a), a representative sample
6-13 of plants from a plot consists of cuttings taken from at least five
6-14 plants throughout the plot. The department by rule shall prescribe
6-15 the minimum distance between plants from which cuttings may be
6-16 taken based on the size of the plot.

6-17 (c) A laboratory performing preharvest testing under this
6-18 section shall homogenize all the cuttings in the sample and test the
6-19 delta-9 tetrahydrocannabinol concentration of a random sample of
6-20 the homogenized material.

6-21 (d) This section does not prohibit a license holder from
6-22 harvesting plants immediately after a preharvest sample is
6-23 collected.

6-24 Sec. 122.154. PREHARVEST SAMPLE COLLECTION. (a) A license
6-25 holder shall notify the department at least 20 days before the date
6-26 the license holder expects to harvest plants from a plot in the
6-27 manner prescribed by department rule.

6-28 (b) A sample must be collected by the department or another
6-29 entity described by Section 122.151(a) for purposes of preharvest
6-30 testing under Section 122.153.

6-31 (c) The department by rule may prescribe reasonable
6-32 procedures for submitting a preharvest sample collected under this
6-33 section to a testing laboratory selected by the license holder.

6-34 Sec. 122.155. OPTIONAL POSTHARVEST TESTING. (a) The
6-35 department by rule shall allow a license holder to have a single
6-36 postharvest test performed on a representative sample of plants
6-37 from a plot if the results of the preharvest test representing the
6-38 plot show a delta-9 tetrahydrocannabinol concentration of more than
6-39 0.3 percent on a dry weight basis.

6-40 (b) The department by rule shall prescribe the requirements
6-41 for a representative sample and for sample collection under this
6-42 section.

6-43 (c) If a license holder fails to request postharvest testing
6-44 on or before the 15th day after the date the license holder is
6-45 notified of the results of the preharvest test, the results of the
6-46 preharvest test are final.

6-47 Sec. 122.156. SHIPPING DOCUMENTATION FOR TEST SAMPLES. The
6-48 department shall issue documentation to an entity authorized to
6-49 collect samples of plants for testing that authorizes the
6-50 transportation of those samples from the place of collection to a
6-51 testing laboratory described by Section 122.151(a).

6-52 Sec. 122.157. FALSE LABORATORY REPORT; CRIMINAL OFFENSE.
6-53 (a) A person commits an offense if the person, with the intent to
6-54 deceive, forges, falsifies, or alters the results of a laboratory
6-55 test required or authorized under this chapter.

6-56 (b) An offense under Subsection (a) is a third degree
6-57 felony.

6-58 SUBCHAPTER E. HARVEST AND USE OR DISPOSAL OF PLANTS

6-59 Sec. 122.201. HARVEST. (a) A license holder shall harvest
6-60 the plants from a plot not later than the 20th day after the date a
6-61 preharvest sample is collected under Section 122.154 unless field
6-62 conditions delay harvesting or the department authorizes the
6-63 license holder to delay harvesting. This subsection does not
6-64 prohibit the license holder from harvesting the plants immediately
6-65 after the preharvest sample is collected.

6-66 (b) A license holder may not sell or use harvested plants
6-67 before the results of a preharvest and, if applicable, postharvest
6-68 test performed on a sample representing the plants are received. If
6-69 the test results are not received before the plants are harvested,

7-1 the license holder shall dry and store the harvested plants until
7-2 the results are received.

7-3 (c) A license holder may not commingle harvested plants
7-4 represented by one sample with plants represented by another sample
7-5 until the results of the tests are received.

7-6 Sec. 122.202. USE OR DISPOSAL OF HARVESTED PLANTS. (a) If
7-7 the results of a preharvest or postharvest test performed on a
7-8 sample show a delta-9 tetrahydrocannabinol concentration of not
7-9 more than 0.3 percent on a dry weight basis, the license holder may
7-10 sell or use the plants represented by the sample for any purpose
7-11 allowed by law.

7-12 (b) If the results of a preharvest and, if applicable,
7-13 postharvest test performed on a sample show a delta-9
7-14 tetrahydrocannabinol concentration of more than 0.3 percent on a
7-15 dry weight basis:

7-16 (1) the license holder shall dispose of or destroy all
7-17 plants represented by the sample:

7-18 (A) in the manner prescribed by federal law; or

7-19 (B) in a manner approved by the department that
7-20 does not conflict with federal law; or

7-21 (2) if the department determines the plants
7-22 represented by the sample reached that concentration solely as a
7-23 result of negligence, the license holder is subject to Section
7-24 122.403(c) and may:

7-25 (A) trim the plants until the delta-9
7-26 tetrahydrocannabinol concentration of the plants is not more than
7-27 0.3 percent on a dry weight basis and dispose of the noncompliant
7-28 parts of the plants in a manner approved by the department;

7-29 (B) process the plants into fiber with a delta-9
7-30 tetrahydrocannabinol concentration of not more than 0.3 percent on
7-31 a dry weight basis and dispose of any remaining parts of the plants
7-32 in a manner approved by the department; or

7-33 (C) take any other corrective action consistent
7-34 with federal regulations adopted under 7 U.S.C. Chapter 38,
7-35 Subchapter VII.

7-36 SUBCHAPTER F. HEMP SEED

7-37 Sec. 122.251. APPLICABILITY OF SUBCHAPTER. This subchapter
7-38 does not apply to sterilized seeds that are incapable of beginning
7-39 germination.

7-40 Sec. 122.252. CERTIFICATION OR APPROVAL. (a) The
7-41 department or an entity authorized to certify seed under Chapter 62
7-42 shall identify and certify or approve seed confirmed to produce
7-43 hemp.

7-44 (b) The department or entity may not certify or approve a
7-45 variety of hemp seed if the seed is tested and confirmed to produce
7-46 a plant that has delta-9 tetrahydrocannabinol concentration of more
7-47 than 0.3 percent on a dry weight basis. For purposes of this
7-48 subsection, the department may partner with a private entity or an
7-49 institution of higher education to test seed for the purpose of
7-50 certification or approval under this section.

7-51 (c) The department may authorize the importation of hemp
7-52 seed certified in accordance with the law of another state or
7-53 jurisdiction that requires as a condition of certification that
7-54 hemp be produced in compliance with:

7-55 (1) that state or jurisdiction's plan approved by the
7-56 United States Department of Agriculture under 7 U.S.C. Section
7-57 1639p; or

7-58 (2) a plan established under 7 U.S.C. Section 1639q if
7-59 that plan applies in the state or jurisdiction.

7-60 (d) The department shall maintain and make available to
7-61 license holders a list of hemp seeds certified or approved under
7-62 this section.

7-63 Sec. 122.253. PROHIBITED USE OF CERTAIN HEMP SEED. A person
7-64 may not sell, offer for sale, distribute, or use hemp seed in this
7-65 state unless the seed is certified or approved under Section
7-66 122.252.

7-67 SUBCHAPTER G. NONCONSUMABLE HEMP PRODUCTS

7-68 Sec. 122.301. MANUFACTURE. (a) Except as provided by
7-69 Subsection (b), a state agency may not prohibit a person who

8-1 manufactures a product regulated by the agency, other than an
8-2 article regulated under Chapter 431, Health and Safety Code, from
8-3 applying for or obtaining a permit or other authorization to
8-4 manufacture the product solely on the basis that the person intends
8-5 to manufacture the product as a nonconsumable hemp product.

8-6 (b) A state agency may not authorize a person to manufacture
8-7 a product containing hemp for smoking, as defined by Section
8-8 443.001, Health and Safety Code.

8-9 Sec. 122.302. POSSESSION, TRANSPORTATION, AND SALE. (a)
8-10 Notwithstanding any other law, a person may possess, transport,
8-11 sell, and purchase legally produced nonconsumable hemp products in
8-12 this state.

8-13 (b) The department by rule must provide to a retailer of
8-14 nonconsumable hemp products fair notice of a potential violation
8-15 concerning hemp products sold by the retailer and an opportunity to
8-16 cure a violation made unintentionally or negligently.

8-17 Sec. 122.303. RETAIL SALE OF OUT-OF-STATE PRODUCTS. (a)
8-18 Retail sales of nonconsumable hemp products manufactured outside of
8-19 this state may be made in this state when the hemp used in the
8-20 products was cultivated legally in another state or jurisdiction in
8-21 compliance with:

8-22 (1) that state or jurisdiction's plan approved by the
8-23 United States Department of Agriculture under 7 U.S.C. Section
8-24 1639p; or

8-25 (2) a plan established under 7 U.S.C. Section 1639q if
8-26 that plan applies to the state or jurisdiction.

8-27 (b) The department shall maintain a list of states or other
8-28 jurisdictions in which hemp may be cultivated legally as described
8-29 by Subsection (a).

8-30 Sec. 122.304. TRANSPORTATION AND EXPORTATION OUT OF STATE.
8-31 Nonconsumable hemp products may be legally transported across state
8-32 lines and exported to foreign jurisdictions in a manner that is
8-33 consistent with federal law and the laws of respective foreign
8-34 jurisdictions.

8-35 SUBCHAPTER H. TRANSPORTATION REQUIREMENTS

8-36 Sec. 122.351. DEFINITION. In this subchapter, "peace
8-37 officer" has the meaning assigned by Article 2.12, Code of Criminal
8-38 Procedure.

8-39 Sec. 122.352. POLICY. It is the policy of this state to not
8-40 interfere with the interstate commerce of hemp or the transshipment
8-41 of hemp through this state.

8-42 Sec. 122.353. INTERSTATE TRANSPORTATION. To the extent of
8-43 a conflict between a provision of this chapter and a provision of
8-44 federal law involving interstate transportation of hemp, including
8-45 a United States Department of Agriculture regulation, federal law
8-46 controls and conflicting provisions of this chapter do not apply.

8-47 Sec. 122.354. DEPARTMENT RULES. The department, in
8-48 consultation with the Department of Public Safety, shall adopt
8-49 rules regulating the transportation of hemp in this state to ensure
8-50 that illegal marihuana is not transported into or through this
8-51 state disguised as legal hemp.

8-52 Sec. 122.355. HEMP TRANSPORTATION ACCOUNT. (a) The hemp
8-53 transportation account is a dedicated account in the general
8-54 revenue fund administered by the department. The account consists
8-55 of:

8-56 (1) civil penalties collected under this subchapter;
8-57 and

8-58 (2) interest and income earned on the investment of
8-59 money in the account.

8-60 (b) Money in the account may be appropriated only to the
8-61 department for the administration and enforcement of this
8-62 subchapter. The department may transfer money appropriated under
8-63 this subsection to the Department of Public Safety for the
8-64 administration and enforcement of that department's powers and
8-65 duties under this subchapter, unless prohibited by other law.

8-66 Sec. 122.356. DOCUMENTATION AND OTHER SHIPPING
8-67 REQUIREMENTS. (a) A person may not transport hemp plant material
8-68 in this state unless the hemp:

8-69 (1) is produced in compliance with:

9-1 (A) a state or tribal plan approved by the United
9-2 States Department of Agriculture under 7 U.S.C. Section 1639p; or
9-3 (B) a plan established under 7 U.S.C. Section
9-4 1639q if the hemp was cultivated in an area where that plan applies;
9-5 and

9-6 (2) is accompanied by:
9-7 (A) a shipping certificate or cargo manifest
9-8 issued under Section 122.055 if the hemp originated in this state;
9-9 or

9-10 (B) documentation containing the name and
9-11 address of the place where the hemp was cultivated and a statement
9-12 that the hemp was produced in compliance with 7 U.S.C. Chapter 38,
9-13 Subchapter VII, if the hemp originated outside this state.

9-14 (b) A person transporting hemp plant material in this state:
9-15 (1) may not concurrently transport any cargo that is
9-16 not hemp plant material; and

9-17 (2) shall furnish the documentation required by this
9-18 section to the department or any peace officer on request.

9-19 Sec. 122.357. AGRICULTURAL PESTS AND DISEASES. A person
9-20 may not transport in this state hemp that contains an agricultural
9-21 pest or disease as provided by department rule.

9-22 Sec. 122.358. POWERS AND DUTIES OF PEACE OFFICERS. (a) A
9-23 peace officer may inspect and collect a reasonably sized sample of
9-24 any material from the plant Cannabis sativa L. found in a vehicle to
9-25 determine the delta-9 tetrahydrocannabinol concentration of the
9-26 plant material. Unless a peace officer has probable cause to
9-27 believe the plant material is marihuana, the peace officer may not:

9-28 (1) seize the plant material; or
9-29 (2) arrest the person transporting the plant material.

9-30 (b) A peace officer may detain any hemp being transported in
9-31 this state until the person transporting the hemp provides the
9-32 documentation required by Section 122.356. The peace officer shall
9-33 immediately release the hemp to the person if the person produces
9-34 documentation required by that section.

9-35 (c) If a peace officer has probable cause to believe that a
9-36 person transporting hemp in this state is also transporting
9-37 marihuana or a controlled substance, as defined by Section 481.002,
9-38 Health and Safety Code, or any other illegal substance under state
9-39 or federal law, the peace officer may seize and impound the hemp
9-40 along with the controlled or illegal substance.

9-41 (d) This subchapter does not limit or restrict a peace
9-42 officer from enforcing to the fullest extent the laws of this state
9-43 regulating marihuana and controlled substances, as defined by
9-44 Section 481.002, Health and Safety Code.

9-45 Sec. 122.359. CIVIL PENALTY. (a) A person who violates
9-46 Section 122.356 is liable to this state for a civil penalty in an
9-47 amount not to exceed \$500 for each violation.

9-48 (b) The attorney general or any district or county attorney
9-49 may bring an action to recover the civil penalty.

9-50 (c) A civil penalty collected under this section must be
9-51 deposited in the hemp transportation account under Section 122.355.

9-52 Sec. 122.360. CRIMINAL OFFENSE. (a) A person commits an
9-53 offense if the person violates Section 122.356.

9-54 (b) An offense under this section is a misdemeanor
9-55 punishable by a fine of not more than \$1,000.

9-56 SUBCHAPTER I. ENFORCEMENT; PENALTIES

9-57 Sec. 122.401. PENALTY SCHEDULE. (a) The department by rule
9-58 shall adopt a schedule of sanctions and penalties for violations of
9-59 this chapter and rules adopted under this chapter that does not
9-60 conflict with 7 U.S.C. Section 1639p(e).

9-61 (b) A penalty collected under this chapter other than a
9-62 civil penalty collected under Subchapter H must be deposited in the
9-63 state hemp production account under Section 122.003.

9-64 Sec. 122.402. ADMINISTRATIVE PENALTY. Except as provided
9-65 by Section 122.403 and to the extent permitted under 7 U.S.C.
9-66 Section 1639p(e), the department may impose an administrative
9-67 penalty or other administrative sanction for a violation of this
9-68 chapter or a rule or order adopted under this chapter, including a
9-69 penalty or sanction under Section 12.020 or 12.0201.

10-1 Sec. 122.403. NEGLIGENT VIOLATIONS BY LICENSE HOLDER. (a)
10-2 If the department determines that a license holder negligently
10-3 violated this chapter or a rule adopted under this chapter, the
10-4 department shall enforce the violation in the manner provided by 7
10-5 U.S.C. Section 1639p(e).

10-6 (b) A license holder described by Subsection (a) is not
10-7 subject to a civil, criminal, or administrative enforcement action
10-8 other than an enforcement action provided by this chapter.

10-9 (c) A license holder who violates this chapter by
10-10 cultivating plants described by Section 122.202(b)(2):

10-11 (1) must comply with an enhanced testing protocol
10-12 developed by the department;

10-13 (2) shall pay a fee in the amount of \$500 for each
10-14 violation to cover the department's costs of administering the
10-15 enhanced testing protocol; and

10-16 (3) shall be included on a list maintained by the
10-17 department of license holders with negligent violations, which is
10-18 public information for purposes of Chapter 552, Government Code.

10-19 (d) A person who negligently violates this chapter three
10-20 times in any five-year period may not cultivate, process, or
10-21 otherwise produce hemp in this state before the fifth anniversary
10-22 of the date of the third violation. The department shall include
10-23 each person subject to this subsection on a list of banned
10-24 producers, which is public information for purposes of Chapter 552,
10-25 Government Code.

10-26 Sec. 122.404. OTHER VIOLATIONS BY LICENSE HOLDER. If the
10-27 department suspects or determines that a license holder violated
10-28 this chapter or a rule adopted under this chapter with a culpable
10-29 mental state greater than negligence, the department shall
10-30 immediately report the license holder to:

10-31 (1) the United States attorney general; and

10-32 (2) the attorney general of this state, who may:

10-33 (A) investigate the violation;

10-34 (B) institute proceedings for injunctive or
10-35 other appropriate relief on behalf of the department; or

10-36 (C) report the matter to the Department of Public
10-37 Safety and any other appropriate law enforcement agency.

10-38 SECTION 3. Subchapter A, Chapter 141, Agriculture Code, is
10-39 amended by adding Section 141.008 to read as follows:

10-40 Sec. 141.008. HEMP IN COMMERCIAL FEED. The service may
10-41 adopt rules authorizing, defining, and controlling the use of hemp
10-42 and hemp products in commercial feed.

10-43 SECTION 4. Subchapter A, Chapter 431, Health and Safety
10-44 Code, is amended by adding Section 431.011 to read as follows:

10-45 Sec. 431.011. APPLICABILITY OF CHAPTER TO CONSUMABLE HEMP
10-46 PRODUCTS AND MANUFACTURERS. (a) This chapter applies to a
10-47 consumable hemp product subject to Chapter 443. An article
10-48 regulated under this chapter may not be deemed to be adulterated
10-49 solely on the basis that the article is a consumable hemp product.

10-50 (b) Except as provided by Subsection (c), this chapter
10-51 applies to the conduct of a person who holds a license under Chapter
10-52 443.

10-53 (c) A person who holds a license under Chapter 443 related
10-54 to the processing of hemp or the manufacturing of a consumable hemp
10-55 product regulated under that chapter and is engaging in conduct
10-56 within the scope of that license is not required to hold a license
10-57 as a food manufacturer or food wholesaler under Subchapter J.

10-58 SECTION 5. Section 431.043, Health and Safety Code, is
10-59 amended to read as follows:

10-60 Sec. 431.043. ACCESS TO RECORDS. A person who is required
10-61 to maintain records under this chapter or Section 519 or 520(g) of
10-62 the federal Act or a person who is in charge or custody of those
10-63 records shall, at the request of the department or a health
10-64 authority, permit the department or health authority at all
10-65 reasonable times access to and to copy and verify the records,
10-66 including records that verify that the hemp in a consumable hemp
10-67 product was produced in accordance with Chapter 122, Agriculture
10-68 Code, or 7 U.S.C. Chapter 38, Subchapter VII.

10-69 SECTION 6. Section 431.2211, Health and Safety Code, is

11-1 amended by adding Subsection (a-3) to read as follows:

11-2 (a-3) A person is not required to hold a license under this
11-3 subchapter if the person holds a license under Chapter 443 and is
11-4 engaging in conduct within the scope of that license.

11-5 SECTION 7. Subtitle A, Title 6, Health and Safety Code, is
11-6 amended by adding Chapter 443 to read as follows:

11-7 CHAPTER 443. MANUFACTURE, DISTRIBUTION, AND SALE OF CONSUMABLE
11-8 HEMP PRODUCTS

11-9 SUBCHAPTER A. GENERAL PROVISIONS

11-10 Sec. 443.001. DEFINITIONS. In this chapter:

11-11 (1) "Consumable hemp product" means food, a drug, a
11-12 device, or a cosmetic, as those terms are defined by Section
11-13 431.002, that contains hemp or one or more hemp-derived
11-14 cannabinoids, including cannabidiol.

11-15 (2) "Department" means the Department of State Health
11-16 Services.

11-17 (3) "Establishment" means each location where a person
11-18 processes hemp or manufactures a consumable hemp product.

11-19 (4) "Executive commissioner" means the executive
11-20 commissioner of the Health and Human Services Commission.

11-21 (5) "Hemp" has the meaning assigned by Section
11-22 121.001, Agriculture Code.

11-23 (6) "License" means a consumable hemp product
11-24 manufacturer's license issued under this chapter.

11-25 (7) "License holder" means an individual or business
11-26 entity holding a license.

11-27 (8) "Manufacture" has the meaning assigned by Section
11-28 431.002.

11-29 (9) "Process" means to extract a component of hemp,
11-30 including cannabidiol or another cannabinoid, that is:

11-31 (A) sold as a consumable hemp product;

11-32 (B) offered for sale as a consumable hemp
11-33 product;

11-34 (C) incorporated into a consumable hemp product;
11-35 or

11-36 (D) intended to be incorporated into a consumable
11-37 hemp product.

11-38 (10) "QR code" means a quick response machine-readable
11-39 code that can be read by a camera, consisting of an array of black
11-40 and white squares used for storing information or directing or
11-41 leading a user to additional information.

11-42 (11) "Smoking" means burning or igniting a substance
11-43 and inhaling the smoke or heating a substance and inhaling the
11-44 resulting vapor or aerosol.

11-45 Sec. 443.002. APPLICABILITY OF OTHER LAW. Except as
11-46 provided by Section 431.011(c), Chapter 431 applies to a license
11-47 holder and a consumable hemp product regulated under this chapter.

11-48 Sec. 443.003. LOCAL REGULATION PROHIBITED. A municipality,
11-49 county, or other political subdivision of this state may not enact,
11-50 adopt, or enforce a rule, ordinance, order, resolution, or other
11-51 regulation that prohibits the processing of hemp or the
11-52 manufacturing or sale of a consumable hemp product as authorized by
11-53 this chapter.

11-54 Sec. 443.004. SEVERABILITY. (a) A provision of this
11-55 chapter or its application to any person or circumstance is invalid
11-56 if the secretary of the United States Department of Agriculture
11-57 determines that the provision or application conflicts with 7
11-58 U.S.C. Chapter 38, Subchapter VII, and prevents the approval of the
11-59 state plan submitted under Chapter 121, Agriculture Code.

11-60 (b) The invalidity of a provision or application under
11-61 Subsection (a) does not affect the other provisions or applications
11-62 of this chapter that can be given effect without the invalid
11-63 provision or application, and to this end the provisions of this
11-64 chapter are declared to be severable.

11-65 SUBCHAPTER B. POWERS AND DUTIES

11-66 Sec. 443.051. RULEMAKING AUTHORITY OF EXECUTIVE
11-67 COMMISSIONER. The executive commissioner shall adopt rules and
11-68 procedures necessary to administer and enforce this chapter. Rules
11-69 and procedures adopted under this section must be consistent with:

12-1 (1) an approved state plan submitted to the United
12-2 States Department of Agriculture under Chapter 121, Agriculture
12-3 Code; and

12-4 (2) 7 U.S.C. Chapter 38, Subchapter VII, and federal
12-5 regulations adopted under that subchapter.

12-6 SUBCHAPTER C. CONSUMABLE HEMP PRODUCT MANUFACTURER LICENSE

12-7 Sec. 443.101. LICENSE REQUIRED; EXCEPTIONS. A person may
12-8 not process hemp or manufacture a consumable hemp product in this
12-9 state unless the person holds a license under this subchapter.

12-10 Sec. 443.102. LICENSE INELIGIBILITY. (a) An individual
12-11 who is or has been convicted of a felony relating to a controlled
12-12 substance under federal law or the law of any state may not, before
12-13 the 10th anniversary of the date of the conviction:

12-14 (1) hold a license under this subchapter; or

12-15 (2) be a governing person of an establishment that
12-16 holds a license under this subchapter.

12-17 (b) The department may not issue a license under this
12-18 subchapter to a person who materially falsifies any information
12-19 contained in an application submitted to the department under
12-20 Section 443.103.

12-21 Sec. 443.103. APPLICATION; ISSUANCE. An individual or
12-22 establishment may apply for a license under this subchapter by
12-23 submitting an application to the department on a form and in the
12-24 manner prescribed by the department. The application must be
12-25 accompanied by:

12-26 (1) a legal description of each location where the
12-27 applicant intends to process hemp or manufacture consumable hemp
12-28 products and the global positioning system coordinates for the
12-29 perimeter of each location;

12-30 (2) written consent from the applicant or the property
12-31 owner if the applicant is not the property owner allowing the
12-32 department, the Department of Public Safety, and any other state or
12-33 local law enforcement agency to enter onto all premises where hemp
12-34 is processed or consumable hemp products are manufactured to
12-35 conduct a physical inspection or to ensure compliance with this
12-36 chapter and rules adopted under this chapter;

12-37 (3) any fees required by the department to be
12-38 submitted with the application; and

12-39 (4) any other information required by department rule.

12-40 Sec. 443.104. TERM; RENEWAL. (a) A license is valid for
12-41 one year and may be renewed as provided by this section.

12-42 (b) The department shall renew a license if the license
12-43 holder:

12-44 (1) is not ineligible to hold the license under
12-45 Section 443.102;

12-46 (2) submits to the department any license renewal fee;
12-47 and

12-48 (3) does not owe any outstanding fees to the
12-49 department.

12-50 Sec. 443.105. REVOCATION. The department shall revoke a
12-51 license if the license holder is convicted of a felony relating to a
12-52 controlled substance under federal law or the law of any state.

12-53 SUBCHAPTER D. TESTING OF CONSUMABLE HEMP PRODUCTS

12-54 Sec. 443.151. TESTING REQUIRED. (a) A consumable hemp
12-55 product must be tested as provided by:

12-56 (1) Subsections (b) and (c); or

12-57 (2) Subsection (d).

12-58 (b) Before a hemp plant is processed or otherwise used in
12-59 the manufacture of a consumable hemp product, a sample representing
12-60 the plant must be tested, as required by the executive
12-61 commissioner, to determine:

12-62 (1) the concentration of various cannabinoids; and

12-63 (2) the presence or quantity of heavy metals,
12-64 pesticides, and any other substance prescribed by the department.

12-65 (c) Before material extracted from hemp by processing is
12-66 sold as, offered for sale as, or incorporated into a consumable hemp
12-67 product, the material must be tested, as required by the executive
12-68 commissioner, to determine:

12-69 (1) the presence of harmful microorganisms; and

13-1 (2) the presence or quantity of:
13-2 (A) any residual solvents used in processing, if
13-3 applicable; and
13-4 (B) any other substance prescribed by the
13-5 department.

13-6 (d) Except as otherwise provided by Subsection (e), before a
13-7 consumable hemp product is sold at retail or otherwise introduced
13-8 into commerce in this state, a sample representing the hemp product
13-9 must be tested by a laboratory that is accredited by an
13-10 accreditation body in accordance with International Organization
13-11 for Standardization ISO/IEC 17025 or a comparable or successor
13-12 standard to determine the delta-9 tetrahydrocannabinol
13-13 concentration of the product.

13-14 (e) A consumable hemp product is not required to be tested
13-15 under Subsection (d) if each hemp-derived ingredient of the
13-16 product:

13-17 (1) has been tested in accordance with Subsections (b)
13-18 and (c); and

13-19 (2) does not have a delta-9 tetrahydrocannabinol
13-20 concentration of more than 0.3 percent.

13-21 Sec. 443.152. PROVISIONS RELATED TO TESTING. (a) A
13-22 consumable hemp product that has a delta-9 tetrahydrocannabinol
13-23 concentration of more than 0.3 percent may not be sold at retail or
13-24 otherwise introduced into commerce in this state.

13-25 (b) A person licensed under Chapter 122, Agriculture Code,
13-26 shall provide to a license holder who is processing hemp harvested
13-27 by the person or otherwise using that hemp to manufacture a
13-28 consumable hemp product the results of a test conducted under that
13-29 chapter, if available, as proof that the delta-9
13-30 tetrahydrocannabinol concentration of the hemp does not exceed 0.3
13-31 percent, including for purposes of Section 443.151(b)(1).

13-32 (c) A license holder shall make available to a seller of a
13-33 consumable hemp product processed or manufactured by the license
13-34 holder the results of testing required by Section 443.151. The
13-35 results may accompany a shipment to the seller or be made available
13-36 to the seller electronically. If the results are not able to be
13-37 made available, the seller may have the testing required under
13-38 Section 443.151 performed on the product and shall make the results
13-39 available to a consumer.

13-40 SUBCHAPTER E. RETAIL SALE OF CONSUMABLE HEMP PRODUCTS

13-41 Sec. 443.201. POSSESSION, TRANSPORTATION, AND SALE OF
13-42 CONSUMABLE HEMP PRODUCTS. (a) A person may possess, transport,
13-43 sell, or purchase a consumable hemp product processed or
13-44 manufactured in compliance with this chapter.

13-45 (b) The executive commissioner by rule must provide to a
13-46 retailer of consumable hemp products fair notice of a potential
13-47 violation concerning consumable hemp products sold by the retailer
13-48 and an opportunity to cure a violation made unintentionally or
13-49 negligently.

13-50 Sec. 443.202. REGULATION OF CERTAIN CANNABINOID OILS. (a)
13-51 This section does not apply to low-THC cannabis regulated under
13-52 Chapter 487.

13-53 (b) Notwithstanding any other law, a person may not sell,
13-54 offer for sale, possess, distribute, or transport a cannabinoid
13-55 oil, including cannabidiol oil, in this state:

13-56 (1) if the oil contains any material extracted or
13-57 derived from the plant Cannabis sativa L., other than from hemp
13-58 produced in compliance with 7 U.S.C. Chapter 38, Subchapter VII;
13-59 and

13-60 (2) unless a sample representing the oil has been
13-61 tested by a laboratory that is accredited by an independent
13-62 accreditation body in accordance with International Organization
13-63 for Standardization ISO/IEC 17025 or a comparable or successor
13-64 standard and found to have a delta-9 tetrahydrocannabinol
13-65 concentration of not more than 0.3 percent.

13-66 (c) The department and the Department of Public Safety shall
13-67 establish a process for the random testing of cannabinoid oil,
13-68 including cannabidiol oil, at various retail and other
13-69 establishments that sell, offer for sale, distribute, or use the

14-1 oil to ensure that the oil:
14-2 (1) does not contain harmful ingredients;
14-3 (2) is produced in compliance with 7 U.S.C. Chapter
14-4 38, Subchapter VII; and
14-5 (3) has a delta-9 tetrahydrocannabinol concentration
14-6 of not more than 0.3 percent.
14-7 Sec. 443.2025. PERMIT REQUIRED FOR RETAILERS OF CERTAIN
14-8 PRODUCTS. (a) This section does not apply to low-THC cannabis
14-9 regulated under Chapter 487.
14-10 (b) A person may not sell a consumable hemp product
14-11 containing cannabidiol at retail in this state unless the person
14-12 holds a permit issued by the department.
14-13 (c) A person is not required to hold a permit issued by the
14-14 department under Subsection (b) if the person is:
14-15 (1) an employee of a permit holder; or
14-16 (2) a location affiliated with or owned, operated, or
14-17 controlled by the permit holder whose address is maintained in a
14-18 list by the permit holder under Subsection (d).
14-19 (d) A permit holder shall maintain a list of each location
14-20 affiliated with or owned, operated, or controlled by the permit
14-21 holder that sells products described by Subsection (b) at retail in
14-22 this state. The permit holder shall make the list readily available
14-23 to the department on request.
14-24 (e) The department shall adopt rules and may prescribe a
14-25 reasonable permit fee to implement and administer this section.
14-26 Sec. 443.203. DECEPTIVE TRADE PRACTICE. (a) A person who
14-27 sells, offers for sale, or distributes a cannabinoid oil, including
14-28 cannabidiol oil, that the person claims is processed or
14-29 manufactured in compliance with this chapter commits a false,
14-30 misleading, or deceptive act or practice actionable under
14-31 Subchapter E, Chapter 17, Business & Commerce Code, if the oil is
14-32 not processed or manufactured in accordance with this chapter.
14-33 (b) A person who sells, offers for sale, or distributes a
14-34 cannabinoid oil commits a false, misleading, or deceptive act or
14-35 practice actionable under Subchapter E, Chapter 17, Business &
14-36 Commerce Code, if the oil:
14-37 (1) contains harmful ingredients;
14-38 (2) is not produced in compliance with 7 U.S.C.
14-39 Chapter 38, Subchapter VII; or
14-40 (3) has a delta-9 tetrahydrocannabinol concentration
14-41 of more than 0.3 percent.
14-42 Sec. 443.204. RULES RELATED TO SALE OF CONSUMABLE HEMP
14-43 PRODUCTS. Rules adopted by the executive commissioner regulating
14-44 the sale of consumable hemp products must to the extent allowable by
14-45 federal law reflect the following principles:
14-46 (1) hemp-derived cannabinoids, including cannabidiol,
14-47 are not considered controlled substances or adulterants;
14-48 (2) products containing one or more hemp-derived
14-49 cannabinoids, such as cannabidiol, intended for ingestion are
14-50 considered foods, not controlled substances or adulterated
14-51 products;
14-52 (3) consumable hemp products must be packaged and
14-53 labeled in the manner provided by Section 443.205; and
14-54 (4) the processing or manufacturing of a consumable
14-55 hemp product for smoking is prohibited.
14-56 Sec. 443.205. PACKAGING AND LABELING REQUIREMENTS. (a)
14-57 Before a consumable hemp product that contains or is marketed as
14-58 containing more than trace amounts of cannabinoids may be
14-59 distributed or sold, the product must be labeled in the manner
14-60 provided by this section with the following information:
14-61 (1) batch identification number;
14-62 (2) batch date;
14-63 (3) product name;
14-64 (4) a uniform resource locator (URL) that provides or
14-65 links to a certificate of analysis for the product or each
14-66 hemp-derived ingredient of the product;
14-67 (5) the name of the product's manufacturer; and
14-68 (6) a certification that the delta-9
14-69 tetrahydrocannabinol concentration of the product or each

15-1 hemp-derived ingredient of the product is not more than 0.3
15-2 percent.

15-3 (b) The label required by Subsection (a) may be in the form
15-4 of:

15-5 (1) a uniform resource locator (URL) for the
15-6 manufacturer's Internet website that provides or links to the
15-7 information required by that subsection; and

15-8 (2) a QR code or other bar code that may be scanned and
15-9 that leads to the information required by that subsection.

15-10 (c) The label required by Subsection (a) must appear on each
15-11 unit of the product intended for individual retail sale. If that
15-12 unit includes inner and outer packaging, the label may appear on any
15-13 of that packaging.

15-14 (d) This section does not apply to sterilized seeds
15-15 incapable of beginning germination.

15-16 Sec. 443.206. RETAIL SALE OF OUT-OF-STATE CONSUMABLE HEMP
15-17 PRODUCTS. (a) Retail sales of consumable hemp products processed or
15-18 manufactured outside of this state may be made in this state when
15-19 the products were processed or manufactured legally in another
15-20 state or jurisdiction in compliance with:

15-21 (1) that state or jurisdiction's plan approved by the
15-22 United States Department of Agriculture under 7 U.S.C. Section
15-23 1639p; or

15-24 (2) a plan established under 7 U.S.C. Section 1639q if
15-25 that plan applies to the state or jurisdiction.

15-26 (b) The department shall maintain a list of states or other
15-27 jurisdictions described by Subsection (a).

15-28 Sec. 443.207. TRANSPORTATION AND EXPORTATION OF CONSUMABLE
15-29 HEMP PRODUCTS OUT OF STATE. Consumable hemp products may be legally
15-30 transported across state lines and exported to foreign
15-31 jurisdictions in a manner that is consistent with federal law and
15-32 the laws of respective foreign jurisdictions.

15-33 SECTION 8. Sections 481.002(5) and (26), Health and Safety
15-34 Code, are amended to read as follows:

15-35 (5) "Controlled substance" means a substance,
15-36 including a drug, an adulterant, and a dilutant, listed in
15-37 Schedules I through V or Penalty Group 1, 1-A, 2, 2-A, 3, or 4. The
15-38 term includes the aggregate weight of any mixture, solution, or
15-39 other substance containing a controlled substance. The term does
15-40 not include hemp, as defined by Section 121.001, Agriculture Code,
15-41 or the tetrahydrocannabinols in hemp.

15-42 (26) "Marihuana" means the plant Cannabis sativa L.,
15-43 whether growing or not, the seeds of that plant, and every compound,
15-44 manufacture, salt, derivative, mixture, or preparation of that
15-45 plant or its seeds. The term does not include:

15-46 (A) the resin extracted from a part of the plant
15-47 or a compound, manufacture, salt, derivative, mixture, or
15-48 preparation of the resin;

15-49 (B) the mature stalks of the plant or fiber
15-50 produced from the stalks;

15-51 (C) oil or cake made from the seeds of the plant;

15-52 (D) a compound, manufacture, salt, derivative,
15-53 mixture, or preparation of the mature stalks, fiber, oil, or cake;
15-54 [~~or~~]

15-55 (E) the sterilized seeds of the plant that are
15-56 incapable of beginning germination; or

15-57 (F) hemp, as that term is defined by Section
15-58 121.001, Agriculture Code.

15-59 SECTION 9. (a) Not later than the 90th day after the
15-60 effective date of this Act, the Department of Agriculture shall
15-61 submit for approval a state plan to the secretary of the United
15-62 States Department of Agriculture as provided by Section 121.003,
15-63 Agriculture Code, as added by this Act.

15-64 (b) The Department of Agriculture shall submit amended
15-65 state plans as provided by Section 121.003(c), Agriculture Code, as
15-66 added by this Act, as necessary until the plan is approved.

15-67 (c) As soon as practicable after the effective date of this
15-68 Act, the executive commissioner of the Health and Human Services
15-69 Commission shall adopt rules necessary to implement the changes in

16-1 law made by this Act.

16-2 SECTION 10. The Department of Agriculture and the
16-3 Department of State Health Services shall begin implementing the
16-4 state plan approved by the secretary of the United States
16-5 Department of Agriculture not later than the 30th day after the date
16-6 on which the state plan is approved and shall fully implement the
16-7 state plan as soon as practicable after the state plan is approved.

16-8 SECTION 11. Notwithstanding Chapter 443, Health and Safety
16-9 Code, as added by this Act, a retailer may possess, transport, or
16-10 sell a consumable hemp product, as defined by Section 443.001,
16-11 Health and Safety Code, as added by this Act, that is part of the
16-12 retailer's inventory on the effective date of this Act regardless
16-13 of whether the product was processed, manufactured, packaged, or
16-14 labeled in compliance with that chapter.

16-15 SECTION 12. Notwithstanding Section 443.2025, Health and
16-16 Safety Code, as added by this Act, a person is not required to hold a
16-17 permit to sell a consumable hemp product containing cannabidiol at
16-18 retail in this state until the 60th day after the date the
16-19 Department of State Health Services begins accepting applications
16-20 for the permit.

16-21 SECTION 13. This Act takes effect immediately if it
16-22 receives a vote of two-thirds of all the members elected to each
16-23 house, as provided by Section 39, Article III, Texas Constitution.
16-24 If this Act does not receive the vote necessary for immediate
16-25 effect, this Act takes effect September 1, 2019.

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